



STATE BOARD OF EQUALIZATION

20 N STREET, SACRAMENTO, CALIFORNIA

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Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

No. 78/154

August 30, 1978

TO COUNTY ASSESSORS:

EFFECTIVE RATE ON CONVENTIONAL MORTGAGES IN CALIFORNIA

Historical property assessed under provisions of Revenue and Taxation Code, Section 439, 439.1, 439.2, 439.3, and 439.4 is subject to valuation by the capitalization of income method in a specified manner.

In accordance with Section 439.2, Revenue and Taxation Code, the Board is required to announce the current interest rate component which is equal to the effective rate on conventional mortgages as determined by the Federal Home Loan Bank Board. This yield rate is to be used as a component of the capitalization rate in the valuation of properties subject to Historical Property Contracts for the 1979 lien date.

Based on our analysis of information from the Federal Home Loan Bank Board, the yield rate component to be used for the 1979 assessment year is 10.25 percent.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:ebv